

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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1. The Yugoslav communes are a device of Vice President Edvard Kardelj aimed at better organizing Party control in certain economic areas, while at the same time giving local authorities the responsibility of assuring the success of economic enterprises and the incomes of the laborers. It would seem that this is a move toward decentralization, but this is so only in a purely administrative sense. In reality the new bigger communal organizations will facilitate control from the center. Enterprises previously owned by the republics will now be controlled directly by the communes. Only a few enterprises will remain under the management of the republics, and only a few under direct federal control; for example, the atomic institute in Vinca. Losses suffered by the enterprises will be covered by the communes in most cases, with only occasional aid by the republics or the Federal Government. The standard for the division of financial outlay will be as follows: Federal Government - 50 percent, republics - 35 percent, communes - 15 percent.
2. Under the new system, the Party's overt control is exercised through instructions given to the economic section. These instructions emanate from the Economic Committee in the Federal Executive Council, pass through the republic, city and district organs and end at the management and workers council of the

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enterprise. In contrast, the Party's covert control is extremely rigid and is exercised directly through Party organs. The final decision is made by the Executive Committee of the Federation of Communists of Yugoslavia (FCY), then passed through the Party hierarchy down to the basic Party cells of each economic unit. The cell then makes the respective workers council accept, apply and carry out the decisions of the Party. The final controlling element is exercised by the economic UDB organs which run from the Federal UDB down to the smallest economic unit. Thus, to all outward appearances, all decisions are made by the people, i.e. the workers council; but in reality the workers council is merely a tool carrying out the Party's decisions.

3. The communes will now be responsible for first making their particular areas self-supporting, and secondly for making them surplus-producing; hence the fight among the different communes as to who will obtain the most profitable enterprises and who will be forced to take the least profitable. At present, these unprofitable enterprises, in addition to facing the problem of self-support, are being allocated to the small unimportant independent communes.

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